

Company Registration No 03397518 (England and Wales)

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	W D Finlay A J Page
Secretary	Capita Group Secretary Limited
Company number	03397518
Registered office	71 Victoria Street Westminster London SW1H 0XA
Auditor	KPMG Audit Plc 15 Canada Square London E14 5GL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

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CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Principal activities and review of the business

The company is a wholly owned subsidiary (indirectly held) of Capita plc and operates within the group's General Insurance division

The principal activity of the company continued to be that of registered insurance brokers including the sale and development of general insurance products to the professional insurance intermediary market. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 4, the company's turnover has increased from £4,647,983 to £4,745,034 over the prior year while the operating profit has decreased from £1,370,026 to £957,429 over the same period.

The balance sheet on page 5 of the financial statements shows the company's financial position at the year end. Net assets have increased from £5,350,448 to £6,047,647. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 10 and 11 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manages its operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the General Insurance division of Capita plc is discussed in the group's annual report which does not form part of this report.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are operational risk, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation and strong supplier and customer relationships.

Group risks are discussed in the group's annual report which does not form part of this report.

Results and dividends

The results for the year are set out on page 4.

No final ordinary dividend was paid during the year (2010: £1,000,000).

Environment

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's annual report which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Employees

Details of the number of employees and related costs can be found in note 18 to the financial statements.

Directors

The following directors have held office since 1 January 2011:

W D Finlay

A J Page

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Auditors

In accordance with section 487(2) of the Companies Act 2006, the auditors, KPMG Audit Plc, will be deemed to be reappointed and therefore continue in office

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of the company's auditor, the directors have taken all the steps that he might reasonably be expected to take as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Qualifying 3rd party indemnity provisions

Capita plc has granted an indemnity to the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

On behalf of the board



A J Page

Director

26 September 2012

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

We have audited the financial statements of Capita Specialist Insurance Solutions Limited for the year ended 31 December 2011 set out on pages 4 to 19

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

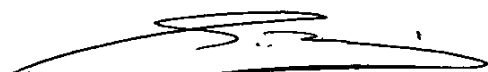
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Salim Tharani Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants
15 Canada Square
London
E14 5GL

26 September 2012

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	4,745,034	4,647,983
Cost of sales		(557,050)	(412,358)
Gross profit		4,187,984	4,235,625
Administrative expenses		(3,230,555)	(2,865,599)
Operating profit	3	957,429	1,370,026
Other interest receivable and similar income	4	-	6,693
Profit on ordinary activities before taxation		957,429	1,376,719
Tax on profit on ordinary activities	5	(260,230)	(392,591)
Profit for the year	15	697,199	984,128

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
Fixed assets			
Intangible assets	7	1,270,636	1,885,643
Tangible assets	8	692,031	442,799
Investments	9	50,000	50,000
		<u>2,012,667</u>	<u>2,378,442</u>
Current assets			
Debtors	10	2,231,599	213,755
Cash at bank and in hand		3,003,393	3,542,266
		<u>5,234,992</u>	<u>3,756,021</u>
Creditors: amounts falling due within one year	11	<u>(1,192,912)</u>	<u>(784,015)</u>
Net current assets		<u>4,042,080</u>	<u>2,972,006</u>
Total assets less current liabilities		<u>6,054,747</u>	<u>5,350,448</u>
Provisions for liabilities	12	<u>(7,100)</u>	<u>-</u>
		<u>6,047,647</u>	<u>5,350,448</u>
Capital and reserves			
Called up share capital	14	1,366	1,366
Share premium account	15	399,845	399,845
Other reserves	15	300,214	300,214
Profit and loss account	15	5,346,222	4,649,023
Shareholders' funds	16	<u>6,047,647</u>	<u>5,350,448</u>

Approved by the Board and authorised for issue on 26 September 2012

A J Page
Director

Company Registration No 03397518

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The company has not produced a cashflow statement on the basis that the ultimate parent undertaking, Capita plc, has prepared a group cashflow statement in accordance with FRS1 (revised).

1.2 Changes in accounting policies

The company has adopted the following new Financial Reporting Standards issued by the UK Accounting Standards Board (ASB)

Amendment to FRS 25 (IAS 32) Financial Instruments Presentation - classification of rights issues - The amendment alters the definition of a financial liability to enable parties to classify rights issues (and certain options or warrants) as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of this amendment has had no impact on the financial statements of the company.

Improvements to Financial Reporting Standards (2010) - In May 2010 the International Accounting Standards Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments were adopted by the ASB and issued in June 2010. The adoption of these amendments, which are effective from 1 January 2011, did not have any impact on the financial position or performance of the company.

FRS 30 Heritage Assets - In June 2010 the ASB issued this standard on the accounting treatment of heritage assets which is effective for annual periods beginning on or after 1 April 2010. This standard did not have any impact on the financial position or performance of the company.

UITF 47 (IFRIC 19) Extinguishing Financial Liabilities with Equity Instruments - This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration in accordance with paragraph 41 of FRS26 (IAS 39). The equity instruments issued are measured at fair value (unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished) with gain or loss being immediately recognised in profit or loss. The adoption of this interpretation had no effect on the financial position or performance of the company.

UITF 48 Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits - In December 2010 the UITF issued guidance on the accounting treatment consequent to the UK Government's announcement to replace RPI with CPI for the statutory minimum increase in pensions in defined benefit schemes. This UITF abstract did not have any impact on the financial position or performance of the company.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

(continued)

1.4 Turnover

Turnover, which excludes value added tax, comprises brokerage commission and fees earned from the sale of insurance solutions and other risk management services to the education sector and other commercial organisations. Income is recognised once all obligations to the policyholder have been discharged.

1.5 Intangible assets

Intangible assets acquired separately are capitalised at cost and those identified in a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. There were no indefinite-lived assets in 2008 or 2009. Amortisation is charged on assets with finite lives; this expense is taken to the income statement through the administrative expenses line item.

Intangible assets with finite lives are tested for impairment, either individually or at the cash-generating unit level, where there is an indicator of impairment.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Customer lists and relationships are amortised over their useful economic life of 5 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the life of the lease
Plant and machinery	3-5 years
Computer equipment	3 - 5 years
Fixtures, fittings & equipment	4-5 years

1.7 Investments

Fixed asset investments are stated at cost less provision for impairment.

1.8 Pensions

The company operates defined contribution pension schemes and contributions are charged to the profit and loss account in the year in which they are due. These pension schemes are funded and the payment of contributions are made to separately administered trust funds. The assets of the pension schemes are held separately from the company.

The company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking of Capita plc, which pays the group liability centrally. Any unpaid pension contributions at the year end have been accrued in the accounts of that company.

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

(continued)

1.9 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, taxation, with the following exceptions

- Provision is made for taxation on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more or less likely than not that the taxable gain will be rolled over into replacement assets and charged to taxation only where the replacement assets are sold,

- Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date

1.10 Marketing Funds

Under the agreement between the company and the insurers with whom it places business, a percentage of the insurance premiums is retained by the company for the sole purpose of marketing supply teacher insurance. These amounts are designated as the marketing fund, and included within turnover.

Any balance outstanding on the marketing fund at the end of the period of the agreement is to be either repaid to the insurers or carried forward to subsequent years for the sole purpose of marketing and is included in accruals and deferred income.

1.11 Insurance broking assets and liabilities

The company acts as an agent in broking the insurable risks of its clients. Generally it is not liable as a principal for either premiums due to underwriters or return premiums payable to clients. Since, in practice, premiums are usually accounted for by insurance intermediaries, the company has notwithstanding its legal relationship with clients and underwriters followed generally accepted accounting practice by showing cash, debtors and creditors to insurance broking business as assets and liabilities of the company itself.

As required within FRS5, balances arising from insurance broking transactions are reported as separate assets and liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

1.12 Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose transactions entered into between two or more members of Capita plc, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

(continued)

1.13 Share based payments

The company participates in various share option and sharesave schemes operated by The Capita Group Plc, the ultimate parent undertaking. Details of these schemes are contained in the group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition be treated as vesting as described above. The movement in cumulative expense, attributable to the company, since the previous balance sheet date is recognised in the profit and loss account and settled with The Capita Group Plc, the ultimate parent undertaking.

In accordance with FRS 20, share option awards of the ultimate parent company's equity instruments in respect of settling grants to employees of the company are disclosed as a charge to the profit and loss account and a credit to equity. The company's policy is to reimburse its ultimate parent company through the inter company account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to intercompany which better describes the underlying nature of the transaction.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2011	2010
	£	£
Operating profit is stated after charging		
Amortisation of intangible assets	615,007	560,674
Depreciation of tangible assets	102,885	78,885
Loss on disposal of tangible assets	-	16,912

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £1,000 (2010: £1,000). The company has taken advantage of the exemption provided by regulation 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

4	Investment income	2011 £	2010 £
	Bank interest	-	6,693

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	229,010	381,361
	Adjustment for prior years	19,727	4,378
	Current tax charge	<u>248,737</u>	<u>385,739</u>
	Deferred tax		
	Deferred tax charge	30,111	11,499
	Adjustment to deferred tax in respect of the previous period	(18,618)	(4,647)
		<u>11,493</u>	<u>6,852</u>
	Tax charge for the year	<u>260,230</u>	<u>392,591</u>
	Factors affecting the current tax charge for the year		
	Profit on ordinary activities before taxation	<u>957,429</u>	<u>1,376,719</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	<u>253,719</u>	<u>385,481</u>
	Effects of		
	Non deductible expenses	5,402	7,217
	Capital allowances in excess of depreciation	(12,803)	(6,689)
	Adjustments to previous periods	19,727	4,378
	Other timing differences	(17,308)	(4,648)
		<u>(4,982)</u>	<u>258</u>
	Current tax charge	<u>248,737</u>	<u>385,739</u>

The UK corporation tax rate decreased from 28% to 26% from 1 April 2011. The deferred tax balance has been adjusted in the current year to reflect the reduction to 27% (as this change was enacted at the balance sheet date) resulting in a charge to the profit and loss account of £162 included in the current year deferred tax charge. Proposed changes to tax laws and rates that will have an effect on the deferred tax assets and liabilities of the Company have also been announced but not substantively enacted at the balance sheet date. The impact of these changes on the Company is not considered to be material.

The UK corporation tax rate decreased from 26% to 24% from 1 April 2012 and changes to writing down allowances also took effect from this date. The deferred tax balance has been adjusted in the current year to reflect the reduction to 25% (as this change was enacted at the balance sheet date) resulting in a charge / credit to the profit and loss account of £x included in the current year deferred tax charge / credit. Proposed changes to tax laws and rates that will have an effect on the deferred tax assets and liabilities of the Company have also been announced but not substantively enacted at the balance sheet date. The impact of these changes on the Company is not considered to be material.

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

6	Dividends	2011	2010
		£	£
	Ordinary interim paid	-	1,000,000
7	Intangible fixed assets		Intangible assets
			£
	Cost		
	At 1 January 2011 & at 31 December 2011		2,966,368
	Amortisation		
	At 1 January 2011		1,080,725
	Charge for the year		615,007
	At 31 December 2011		1,695,732
	Net book value		
	At 31 December 2011		1,270,636
	At 31 December 2010		1,885,643

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

8 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2011	168,574	327,564	60,261	556,399
Additions	5,849	346,268	-	352,117
Disposals	-	(69,872)	(1,816)	(71,688)
At 31 December 2011	174,423	603,960	58,445	836,828
Depreciation				
At 1 January 2011	25,605	68,737	19,258	113,600
On disposals	-	(69,872)	(1,816)	(71,688)
Charge for the year	34,952	49,616	18,317	102,885
At 31 December 2011	60,557	48,481	35,759	144,797
Net book value				
At 31 December 2011	113,866	555,479	22,686	692,031
At 31 December 2010	142,969	258,827	41,003	442,799

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2011 & at 31 December 2011	50,000
Net book value	
At 31 December 2011	50,000
At 31 December 2010	50,000

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Brokers Educational Supply Teachers Claims Limited	England & Wales	Ordinary	50 00	
	Principal activity			
Brokers Educational Supply Teachers Claims Limited	Claims handling services			

10 Debtors	2011 £	2010 £
Trade debtors	206,247	156,565
Amounts owed by parent and fellow subsidiary undertakings	1,974,450	40,234
Other debtors	11 940	-
Prepayments and accrued income	38,962	12,563
Deferred tax asset (see note 12)	-	4,393
	<u>2,231,599</u>	<u>213,755</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

11 Creditors: amounts falling due within one year	2011 £	2010 £
Insurance creditors	111,544	53,452
Amounts owed to parent and fellow subsidiary undertakings	453,865	47,428
Corporation tax	229,011	385,739
Other taxes and social security costs	-	4,164
Other creditors	580	4,441
Accruals and deferred income	397,912	288,791
	<u>1,192,912</u>	<u>784,015</u>

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2011	(4,393)
Profit and loss account	11,493
	<u>7,100</u>
Balance at 31 December 2011	<u>7,100</u>

The deferred tax liability is made up as follows.

	2011 £	2010 £
Accelerated/(decelerated) capital allowances	<u>7,100</u>	<u>(4,393)</u>

13 Pension and other post-retirement benefit commitments Defined contribution

	2011 £	2010 £
Contributions payable by the company for the year	<u>78,084</u>	<u>71,841</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

14 Share capital	2011 £	2010 £
Authorised		
11,974,807 Ordinary shares of 2 5p each	299,370	299,370
51,300 A Ordinary shares of 2 5p each	1,283	1,283
11,893 B Ordinary shares of 2 5p each	297	297
	<u>300,950</u>	<u>300,950</u>
Allotted, called up and fully paid		
42,750 A Ordinary shares of 2 5p each	1,069	1,069
11,893 B Ordinary shares of 2 5p each	297	297
	<u>1,366</u>	<u>1,366</u>

Each of the members who hold 'A' Shares whose nominal value exceeds 5% of the total issued share capital of the Company shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove such directors and at any time and from time to time by like notice to appoint any other person to be a director in the place of a director so removed. Any director so appointed shall be an 'A' Director.

The holder or holders of a majority in nominal value of the 'B' Shares shall be entitled by notice in writing to the company to appoint one director and by like notice to remove any of such director and at any time and from time to time by like notice to appoint any other person to be a director in place of a director so removed. Any director so appointed shall be a 'B' Director.

The holder or holders of a majority in nominal value of the 'A' Shares and the holder or holders of a majority of the 'B' Shares shall be entitled together by notice in writing to the Company to appoint one or more additional directors and any such additional director may be removed by notice in writing to that effect being given to the Company by either the holder or holders of a majority in nominal value of the 'A' Shares or the holder or holders of a majority in nominal value of the 'B' Shares. Any director so appointed shall be an Additional Director.

In all other respects the 'A' Shares and 'B' Shares shall rank *pari passu*.

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

15 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	399,845	300,214	4,649,023
Profit for the year	-	-	697,199
Balance at 31 December 2011	<u>399,845</u>	<u>300,214</u>	<u>5,346,222</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2011 & at 31 December 2011

300,214

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	697,199	984,128
Dividends	-	(1,000,000)
Contribution in respect of share based payment charge	10,418	-
Settlement of share based payment charge by intercompany	(10,418)	-
Net addition to/(depletion in) shareholders' funds	<u>697,199</u>	<u>(15,872)</u>
Opening shareholders' funds	<u>5,350,448</u>	<u>5,366,320</u>
Closing shareholders' funds	<u>6,047,647</u>	<u>5,350,448</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

17 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	241,929	200,524
Company pension contributions to defined contribution schemes	6,100	11,272
	<u>248,029</u>	<u>211,796</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2010 - 1)

The number of directors who exercised share options during the year was 1 (2010 - 1)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	241,929	200,524
Company pension contributions to defined contribution schemes	6,100	11,272
	<u>248,029</u>	<u>211,796</u>

The highest paid director has exercised share options during the year

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Sales	9	8
Operations	26	25
Admin	4	3
	<u>39</u>	<u>36</u>

Employment costs	2011 £	2010 £
Wages and salaries	1,279,190	1,167,483
Social security costs	148,185	131,015
Other pension costs	78,084	71,841
Share based payments	10,418	-
	<u>1,515,877</u>	<u>1,370,339</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2011**

19 Control

The immediate parent company is Capita Insurance Services Limited, a company incorporated in England and Wales, and the ultimate parent company is Capita plc, a company incorporated in England and Wales

The financial statements of Capita plc are available from the registered office at 71 Victoria Street, London SW1H 0XA

20 Related party transactions

The company charged Brokers Educational Supply Teachers Claims Limited, a company jointly owned by the company and Groupama Insurance Company Limited, £Nil (2010 £86,625) in respect of costs borne on its behalf

During the year the company charged Capita Gwent Consultancy Limited of £5,968 (2010 £Nil) The company sold goods and services to the value of £8,304 (2010 £Nil) in the normal course of business to Capita Gwent Consultancy Limited All transactions were undertaken at normal market prices At the balance sheet date, the amount due to Capita Gwent Consultancy Limited was £2,336 (2010 £Nil)